

# STATE OF INDIANA

## LIST OF APPROPRIATIONS



MADE BY

THE REGULAR SESSION OF THE 2011 INDIANA GENERAL ASSEMBLY

FOR THE BIENNIUM JULY 1, 2011 TO JUNE 30, 2013



As required by Indiana Code 4-12-1-12(a), the State Budget Agency hereby transmits to Governor Mitchell E. Daniels, Auditor of the State Tim Berry, and the Indiana General Assembly the following report on the appropriations made during the 2011 regular session of the Indiana General Assembly.

## **Summary**

This budget is structurally balanced in FY 2012 and FY 2013, meaning that recurring, annual revenues exceed recurring, annual expenditures in each year of the biennium. It does not rely upon any stimulus funds, nor does it employ any gimmicks to achieve structural balance. Pension obligations are fully met and the Medicaid forecast is fully funded. This budget increases funding in key areas such as K-12 education, student financial aid, Medicaid and pensions, while reducing General Fund appropriations for most executive branch agencies by 15% compared to FY 2011 appropriations. As a result, the state's combined balances are projected to exceed one billion dollars at the close of the biennium. In addition, this budget includes no tax increases. Instead, the corporate tax rate is reduced from 8.5% to 6.5% over a four year period while closing a variety of tax loopholes.

This budget incorporates performance metrics and results as agencies formulated their budget requests. The result is a budget that more closely aligns budgeted appropriations to outcomes. It also eliminates funding for more than a dozen underperforming programs, and reduces funding for dozens of other programs that have not demonstrated adequate results.

## **Appropriations**

The total General Fund appropriations made by the 2011 regular session of the Indiana General Assembly are \$14.0 billion for FY 2012 and \$14.3 billion for FY 2013, compared to \$14.5 billion for FY 2009. FY 2010 and FY 2011 General Fund appropriations were artificially lower as a result of American Recovery and Reinvestment Act (ARRA) funds being available during that time period. General Fund appropriations decline by 0.9% in FY 2012, and then increase by 2.4% in FY 2013. The decline from FY 2011 to FY 2012 is actually greater (nearly 3%), as FY 2011 General Fund appropriations were understated by approximately \$300 million as a result of enhanced federal matching funds from the ARRA. Total appropriations from all sources of funds (state General Fund, dedicated funds, and federal funds) are \$26.7 billion for FY 2012 and \$26.9 billion for FY 2013, compared to \$26.9 billion for FY 2011.

The budget requires the Governor to cause annual reversions of \$30 million from state General Fund appropriations in FY 2012 and FY 2013.

## **K-12 Education**

Funding for elementary and secondary education comprises the largest component of Indiana's state budget. The General Assembly appropriated \$6.26 billion for FY 2012 and \$6.31 billion for FY 2013 for K-12 tuition support from the General Fund. On a calendar year basis, K-12 tuition support was increased 0.5% for 2012 and 1.0% for 2013. The school funding formula was simplified dramatically to better ensure that dollars more closely follow the child. Five notable changes have been made to the school formula: (1) eliminates the de-ghoster, (2) lowers per student "foundation" funding from \$4,505 to \$4,280 in CY 2012, followed by an increase to \$4,405 in CY 2013, (3) eliminates the restoration grant, (4) eliminates the small schools grant, and (5) adds up to \$150 per student for school corporations with more than 500 students. Additionally, enrollment growth was fully funded consistent with prior budgets.

School corporations were again granted the authority to pay expenditures for utilities and property insurance out of their capital projects funds and to increase their local capital projects fund levy to cover those costs. Total appropriations for K-12, excluding pre-1996 teacher pensions, are \$7.6 billion in FY 2012 and \$7.6 billion in FY 2013.

The budget increases funding for full day kindergarten from \$58.5 million annually to \$81.9 million annually. Nearly 75% of children were provided full day kindergarten when grants totaled \$58.5 million in FY 2011. With the increase of funding to \$81.9 million, the State will make available grants to the remaining 25% of kindergarten students at the same funding level. This is in addition to the funding provided through the school formula for each kindergarten student.

The budget creates a new fund for the Department of Education to make grants to school corporations and charter schools for cash awards to effective and highly effective teachers. The Excellence in Performance Awards for Teachers Fund received appropriations of \$6 million in FY 2012 and \$9 million in FY 2013. These funds are directly connected to SEA 1 (2011), which requires school corporations to develop pay-for-performance systems for teachers with student achievement and growth in student learning included in teacher evaluations.

The budget includes General Fund appropriations totaling \$5 million over the biennium for an Innovation Fund at the Department of Education. The appropriation is to be used primarily for the Woodrow Wilson teaching fellowship program for new math and science teachers in underserved areas, and to support start-up costs to establish New Tech high schools in Indiana.

The budget provides approximately \$5 million annually in common school fund interest to provide assistance with start-up costs for new charter schools. The budget fully funds growth at charter and virtual charter schools; however, virtual charter schools are funded at 87.5% of the average statewide tuition support and are eligible to receive special education grants. Students who are within 150% of the qualification for free/reduced price lunch may receive 50% or 90% of their state tuition support as a scholarship to be used toward tuition at a non-public school of their choice. A tax deduction of \$1,000 is added for educational expenses of private school and home-schooled students.

The budget creates the Mitch Daniels Early Graduation Scholarship, a \$4,000 award to be used for higher education tuition and fees by a student who completes high school in three years.

The budget consolidates the following four programs into a single line item: Testing and Remediation, Graduation Exam Remediation, PSAT Program, and Advanced Placement Program. These programs were consolidated under the Testing and Remediation appropriation, and provided with an increase of \$600,000 in both FY 2012 and FY 2013 to cover additional PSAT and Advanced Placement tests.

The budget increases General Fund appropriations for the pre-1996 teachers' retirement fund by 3% annually, a rate sufficient to meet this obligation in future years using a conservative investment return assumption. This projection assumes the \$30 million transfer from the Hoosier Lottery will be made annually, and there are no raids of the pension stabilization fund as was done in the 2003 as-passed budget.

The budget increases General Fund appropriations for the Indiana Education Employment Relations Board (IEERB) by \$1 million annually for FY 2012 and FY 2013 to reflect new responsibilities assigned to IEERB as a result of changes to teacher collective bargaining, primarily addressed in SEA 575.

## **Higher Education**

The budget reflects the Commission for Higher Education recommendations regarding the distribution of operating funds using a performance-based formula. The budget increases the percentage of an institution's funding determined using the formula to 5%, the highest in the history of the state. Total appropriations for higher education, excluding the State Student Assistance Commission (SSACI), are \$1.4 billion for FY 2012 and \$1.4 billion for FY 2013. SSACI received appropriation increases of 2.4% in FY 2012 and an additional 2.1% in FY 2013. These increases are in comparison to FY 2011 appropriation levels; the actual increase in expenditures will be even greater. The increased appropriations have enabled SSACI to hold the caps on student assistance flat for FY 2012, even after fulfilling the rapidly growing 21<sup>st</sup> Century Scholars entitlement.

The General Assembly increased certain line items in the budget above the CHE recommended levels, including \$3 million annually for the Indiana University Medical Education Center Expansion, an additional \$1 million annually for the Purdue University Statewide Technology program, and an additional \$1.7 million annually for the Ball State University Entrepreneurial College.

The General Assembly did not approve any additional state-funded bonding authority for new buildings and infrastructure at the state's public colleges and universities. This contrasts sharply with previous budgets, including the FY 2010 – FY 2011 biennium budget which included \$288 million in state funded bonding authority and another \$187 million in non-fee-replaced bonding (for a total of \$475 million). Moreover, the General Assembly did not provide debt service

appropriations for any projects that had not been reviewed by the State Budget Committee on or before April 15, 2011.

The budget mandates that state colleges and universities participate in the Indiana Aggregate Prescription Purchasing Program (IAPPP) unless the State Budget Agency determines that their participation would not result in an overall financial benefit to the institution.

## **Health and Human Services**

The budget appropriates \$3.09 billion in FY 2012 from the state General Fund for Health and Human Services for operating expenses. For FY 2013, Health and Human Services receives \$3.26 billion in General Fund appropriations for operating expenses. The budget appropriates an additional \$21 million from all funds for capital for the biennium.

The Family and Social Services Administration (FSSA) was appropriated \$2.49 billion of state General Fund dollars in FY 2012 and \$2.66 billion in FY 2013. Of the appropriation granted to FSSA, by far the largest amount is for Medicaid Assistance. This budget fully funds the April 15, 2011 Medicaid forecast with General Fund appropriations for Medicaid Assistance totaling \$1.72 billion in FY 2012 and \$1.88 billion in FY 2013. Total appropriations for Medicaid Assistance (from all funding sources) are \$6.15 billion in FY 2012 and \$6.68 billion in FY 2013, compared to \$6.65 billion appropriated in FY 2011. The budget does not include any appropriations for the implementation of the Patient Protection Affordable Care Act (PPACA); however, it is projected that costs will begin to be incurred during this biennium, with General Fund appropriations needed in the FY 2014 – FY 2015 biennium budget.

The budget appropriates \$48.8 million annually for C.H.O.I.C.E. In-Home Services, one of very few programs to not be reduced compared to FY 2011 appropriation levels. However, the amount of funds that can be transferred for use in the Medicaid aged and disabled waiver has been increased from \$12.9 million annually to \$15.0 million in FY 2012 and \$18.0 million in FY 2013.

The budget removes statutory restrictions that prevented FSSA from reducing staffing levels at either the Evansville State Hospital or the Evansville Psychiatric Children's Center regardless of the number or type of patients being treated at each facility.

FSSA receives \$67.4 million of appropriations from the Tobacco Master Settlement Fund annually for the FY 2012 – FY 2013 biennium, for health-related programs.

The FY 2012 – FY 2013 budget for the Department of Child Services once again provides the necessary funding to maintain a sufficient number of case managers to continue to achieve national caseload standards. The budget appropriates approximately \$336 million annually from the state General Fund for the Family and Children Fund (now depicted in four distinct line items) for both FY 2012 and FY 2013. The Family and Children Fund, a local property tax levy until January 1, 2009, was assumed by the state as a result of the property tax reform bill passed during the 2008 regular session. The Department of Child Services has achieved significant

efficiencies administering the Family and Children Fund, primarily by creating a single, statewide system from what was previously a 92-county system.

The Indiana State Department of Health (ISDH) receives total appropriations of approximately \$358 million in FY 2012 and \$356 million in FY 2013, of which General Fund appropriations total \$30 million annually. This includes \$52.0 million of appropriations from the Tobacco Master Settlement Fund annually for the FY 2012 – FY 2013 biennium. Consistent with the FY 2012 – FY 2013 biennial budget, this budget dedicates 99% of Tobacco Master Settlement Fund appropriations to health-related programs.

The budget eliminates the Indiana Tobacco Prevention and Cessation (ITPC) Board, and transfers its responsibilities to the ISDH on July 1, 2011. The ISDH totals in the preceding paragraph include annual appropriations of \$8.1 million from the Tobacco Master Settlement Fund for tobacco prevention and cessation efforts.

## **General Government**

While most executive branch agency budgets were decreased by 15% compared to FY 2011 appropriation levels, the budget holds appropriations for the legislative branch relatively flat compared to FY 2010 and FY 2011 appropriation levels.

Excluding appropriations for the judges' and prosecutors' pension funds, General Fund appropriations for the judicial branch are approximately flat compared to FY 2010 and FY 2011 appropriation levels. The Indiana General Assembly provided the Chief Justice of the Supreme Court with the authority to provide pay raises in FY 2012 and FY 2013 for judges, but did not provide any appropriations to cover such increases. Nor does the budget provide funding to cover salary increases for prosecuting attorneys or deputy prosecuting attorneys, which are linked statutorily to those of judges.

The budget includes an appropriation of \$98 million for the biennium for the state's share of the plan losses of the Indiana Comprehensive Health Insurance Association (ICHIA). The biennial appropriation of \$98 million reflects an increase of more than 27% from the FY 2010 – FY 2011 biennial appropriation of \$77 million. The association is the state's health insurance program for high risk individuals. The budget includes three changes to the ICHIA program:

- 1) Requires that premium rates must be equal to 150% of the average premium rate charged by the five largest carriers for that class,
- 2) Allows the board of directors to reimburse eligible expenses at an amount equal to the federal Medicare reimbursement rate plus 10%, and
- 3) Requires individuals to first apply for coverage under the Patient Protection and Affordable Care Act (PPACA) and the Indiana check-up plan (as well as Medicaid) prior to being enrolled in ICHIA.

The ICHIA program will likely be eliminated and replaced in the next budget as a result of the PPACA.

General Fund appropriations for the Personal Services/Fringe Benefits Contingency Fund were restored to \$89 million for the FY 2012 – FY 2013 biennium. The appropriations had been reduced from \$89 million to \$35.6 million during the FY 2010 – FY 2011 biennium. These appropriations are used to provide funding for expected increases in health insurance premiums as well as salary increases made during the FY 2012 – FY 2013 biennium.

The budget makes a number of changes to the retiree medical benefits program. First, it exempts employees of the State Police Department as well as conservation and excise officers from receiving benefits under SEA 501, as they are already eligible for a defined benefit, retiree health care plan. Second, it transfers any funds associated with those employees to the defined benefit, retiree health care plans to be used only to reduce the unfunded other post-employment benefit (OPEB) liability of those funds.

The budget allows the State Budget Agency to create an internal service fund to provide funding to perform centralized accounting operations.

The budget appropriates \$131 million in FY 2012 and \$180 million in FY 2013 from the state General Fund to cover the obligations of the Public Safety Pension Fund, a property tax levy assumed by the state as part of HEA 1001 (2008). General Fund appropriations are projected to peak at approximately \$195 million in FY 2019, at which point they will begin to decline until the time when a General Fund appropriation is no longer needed (currently projected to be FY 2045).

With respect to horse racing, the budget mostly maintains the significant increases received by the breed development funds and purse subsidies as part of the 2008 racino legislation. There were two relatively minor changes to the distribution of these funds: (1) \$3 million is to be transferred to the Tobacco Master Settlement Fund annually to support tobacco prevention and cessation efforts, and (2) \$1M is to be used to support harness racing at the state and county fairs.

## **Public Safety**

Over \$1.337 billion was appropriated from the General Fund this biennium for the operation of the Indiana correctional system, a reduction of more than \$35 million compared to the FY 2010 – FY 2011 biennium budget. In fact, the FY 2013 Department of Correction General Fund appropriation of \$672.4 million is less than the FY 2010 General Fund appropriation of \$679.0 million. This appropriation will provide for the incarceration of more than 30,000 adult and juvenile offenders in state correctional facilities, as well as funds for community corrections, parole officers, and county maintenance funds.

The budget also appropriates approximately \$342 million from all funds for the operations of the Indiana State Police for the FY 2012 – FY 2013 biennium, including funds to maintain the number of troopers at current levels. Total appropriations for the FY 2010 – FY 2011 biennium were \$339 million.

The budget incorporates legislation passed during the 2011 regular session which moved the Department of Toxicology from the Indiana University School of Medicine to a freestanding agency within the executive branch.

### **Conservation and Environment**

This budget appropriates \$566 million in general, dedicated and federal funds for conservation and environment programs for the FY 2012 – FY 2013 biennium. Total operating appropriations for the FY 2010 – FY 2011 biennium were \$596 million. An additional \$40 million was appropriated from all funds for capital for the FY 2012 – FY 2013 biennium.

### **Transportation**

This budget appropriates more than \$4.5 billion in state, dedicated, and federal funds for transportation, including distributions to local units of government. This includes \$580 million in appropriations from the Major Moves Construction Fund to fund highway construction and renovation projects. This also includes a \$42.6 million annual appropriation from the General Fund for public mass transportation.

### **Economic Development**

The budget appropriates \$51.2 million in FY 2012 and \$61.2 million in FY 2013 from the General Fund for Economic Development.

The budget incorporates legislation passed during the 2011 regular session which moved the Adult Education appropriation from the Department of Education to the Department of Workforce Development.

The appropriation for the 21<sup>st</sup> Century Research and Technology Fund is \$30 million for the biennium, a reduction of more than \$5 million from the FY 2010 – FY 2011 budget.

### **Capital and Construction**

The capital budget for the FY 2012 – FY 2013 biennium represents a continued commitment to the preservation of the state's existing infrastructure, with a high priority on preventive maintenance and repair and rehabilitation rather than new construction. The capital budget increases funding for preventive maintenance of state facilities from \$42.1 million in the FY 2010 – FY 2011 biennium to \$44.0 million in the FY 2012 – FY 2013 biennium. The capital budget also includes \$91 million for repair and rehabilitation projects at state facilities, and \$498 million for lease rental payments.

The Department of Correction capital budget includes funds for repairing the hot water generating station and replacing the steam lines at the Indiana State Prison, repairing the facility perimeter wall at the Pendleton Correctional Facility, and refurbishing the water system and replacing the roof on the maximum control complex at the Westville Correctional Facility.

In addition to maintaining preventive maintenance funding levels, the capital budget for the Department of Natural Resources (DNR) includes funds for a variety of repair and rehabilitation projects at state parks and other DNR properties. The Indiana General Assembly appropriated \$1 million for the construction of a pool at Prophetstown State Park and another \$1 million (from the Build Indiana Fund) for capital projects involving the Kankakee River Basin Commission. The \$1 million appropriation for the pool at Prophetstown State Park is to be repaid in FY 2016 and FY 2017 by redirecting 30% of the local innkeeper's tax, which currently goes to the DNR, to the General Fund.

For the first time, the budget includes appropriations for both the stadium and convention center lease payments. These appropriations, \$112.1 million in FY 2012 and \$111.0 million in FY 2013, are required, but are not anticipated to be spent as locally derived revenues are projected to cover the lease payments.

The Indiana General Assembly did not provide any specific appropriations for repair and rehabilitation projects at the state's colleges and universities. Instead, these institutions have been challenged to fund these projects from their operating budgets or from other revenue sources.

## **Outside Acts**

The Indiana General Assembly enacted several pieces of legislation during the 2011 regular session that impact General Fund revenues and expenditures. The most notable measures include: (1) the extension and maximization of the nursing facility quality assessment fee, (2) the redirection of certain cigarette tax revenues for FY 2012 and FY 2013 to reimburse the General Fund for expenses related to the retiree medical benefits plan, (3) a change in the distribution of sales tax revenues related to the public mass transportation fund, (4) the use of common school fund interest for start-up costs for new charter schools, (5) the creation of a new tax deduction for individual taxpayers who make unreimbursed expenditures for enrollment of a dependent child in a private school or to home school a dependent child, (6) the reduction of the Corporate Adjusted Gross Income Tax rate from 8.5% to 6.5% over four years, (7) the application of the Adjusted Gross Income Tax and the Financial Institutions Tax (for investment companies) to interest on state and local bonds that are issued by a state other than Indiana, (8) the expansion and extension of the sunset of the Venture Capital Investment (VCI) tax credit, and (9) the reduction from 100% to 99% of adjusted gross receipts to which the graduated slot machine wagering tax applies.

The Indiana General Assembly also enacted several pieces of legislation during the 2011 regular session that do not directly impact General Fund revenues and expenditures this biennium, but may have an impact in future biennia. The most notable measures include: (1) state civil service

reform, including the prohibition of collective bargaining for state employees, (2) merger of the Public Employees' Retirement Fund and the Teachers' Retirement Fund, (3) creation of a defined contribution retirement option for new state employees, (4) reform of student financial aid, specifically the 21<sup>st</sup> Century Scholars program, (5) enhanced authority to engage in public-private partnerships for public infrastructure projects, (6) incentives for K-12 school corporations to purchase health insurance more efficiently, (7) limiting of collective bargaining for teachers to salaries and wage-related benefits, (8) creating more education options with respect to charter schools, virtual charter schools, and vouchers, and (9) addressing the structural imbalance in the Unemployment Insurance Trust Fund.

Additional details on the impact of legislation passed by the Indiana General Assembly during the 2011 regular session can be found in Section E.

## Revenues

The economic and revenue forecasts upon which the FY 2012 – FY 2013 budget is based were presented to the State Budget Committee on April 15, 2011. Real Gross Domestic Product is forecasted to increase by 2.79% in FY 2011, by 3.11% in FY 2012, and by another 2.68% in FY 2013. Nominal Indiana personal income is forecasted to increase by 4.57% in FY 2011, by 3.86% in FY 2012, and by another 3.94% in FY 2013.

General Fund revenues decreased by \$719.5 million or 5.6% in FY 2010. General Fund revenues are forecasted to increase by \$883.4 million or 7.2% in FY 2011, by \$671.3 million or 5.1% in FY 2012, and by \$508.0 million or 3.7% in FY 2013.

In addition to the revenue forecast, other revenues are deposited in the General Fund annually, including Disproportionate Share Hospital (DSH) and the Quality Assessment Fee (QAF). General Fund DSH revenues are estimated to total \$58 million annually. General Fund QAF revenues are projected to total \$36.6 million in FY 2012 and \$46.2 million in FY 2013 as a result of the extension and maximization of the QAF.

The budget also changed the manner in which public mass transportation is funded. Prior to FY 2012, public mass transportation received 0.67% of the state sales and use tax. Beginning in FY 2012, this revenue will be deposited in the General Fund, and then public mass transportation will receive a General Fund appropriation. The impact of this change is an increase in state General Fund revenues with a corresponding increase in state General Fund appropriations.

Finally, for the FY 2012 – FY 2013 biennium, the share of the cigarette tax dedicated to the state retiree medical benefits program, authorized by SEA 501 (2007), will be directed to the state General Fund. Between FY 2008 and FY 2011, the state General Fund augmented the retiree medical benefits program by more than \$55 million. Based upon the April revenue forecast, this change will result in a reimbursement to the General Fund of \$53.9 million. It is important to note that this change will not result in the creation of an Other Post Employment Benefits (OPEB) liability. Rather, it will correct an over-funding of the retiree medical benefits program while maintaining the actuarial funding of the program. The deposit of these revenues into the

General Fund will augment the state's cash balances, but these revenues are not incorporated in the calculation of the structural surplus as they are one-time revenues for the FY 2012 – FY 2013 biennium.

### **Reserve Balances**

Indiana's combined reserve balance is projected to total \$797.0 million to begin the FY 2012 – FY 2013 biennium. This combined balance includes reserves of approximately \$796.2 million in the General Fund and \$0.8 million in rainy day reserves. The estimated combined reserve balance at the end of the FY 2012 – FY 2013 biennium is in excess of \$1.05 billion, providing protection against the possibility of state revenues not meeting the April 15, 2011 forecast.

The budget authorizes an Automatic Taxpayer Refund in the event that state reserves at the close of a state fiscal year exceed 10% of the General Fund appropriations for the following state fiscal year. If reserves exceed 10%, then 50% of any excess reserves shall be transferred to the pension stabilization fund established by IC 5-10.4-2-5 and the remaining 50% shall be returned to taxpayers in the form of an Automatic Taxpayer Refund.

The budget once again defers Rainy Day Fund loan principal and interest repayments by the Brown County School Corporation for the FY 2012 – FY 2013 biennium.

A Combined Statement of Actual and Estimated Unappropriated Reserve (the Reserve Statement) follows this cover letter and reflects the best information available following the passage of the budget by the General Assembly.

Respectfully submitted,



Adam M. Horst, Director  
State Budget Agency

**GENERAL FUND**  
**COMBINED STATEMENT OF ESTIMATED UNAPPROPRIATED RESERVE**

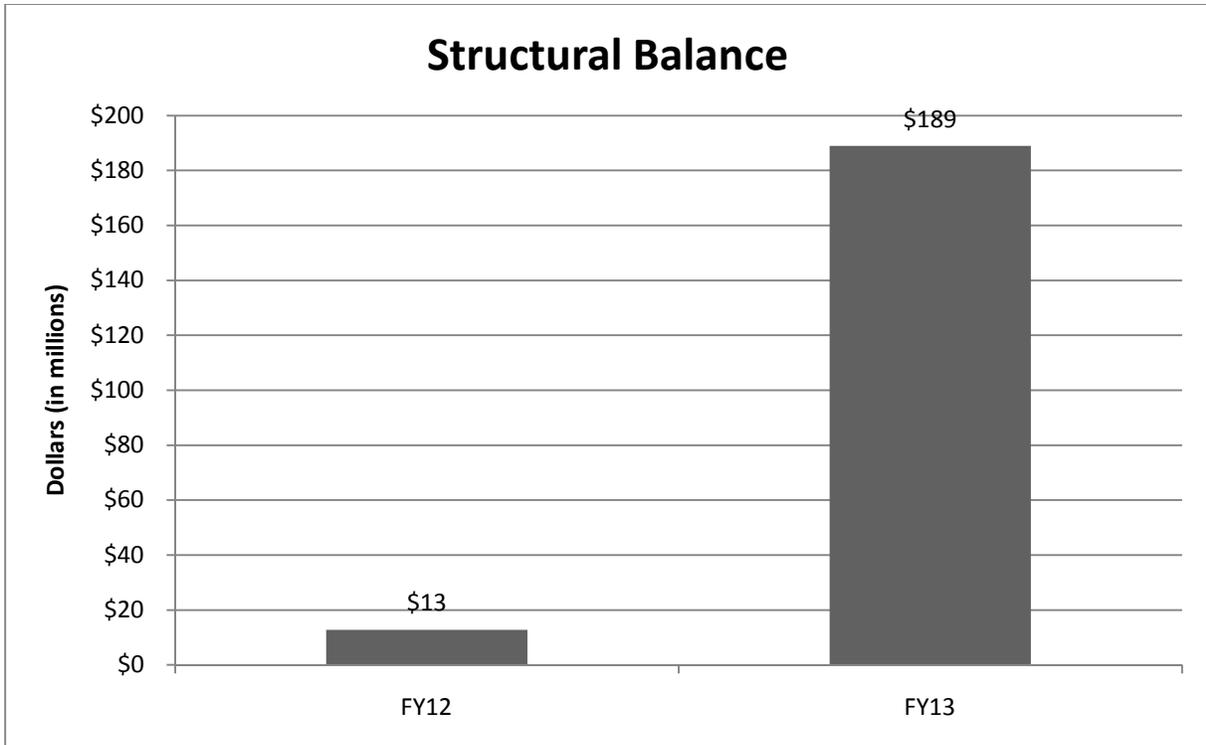
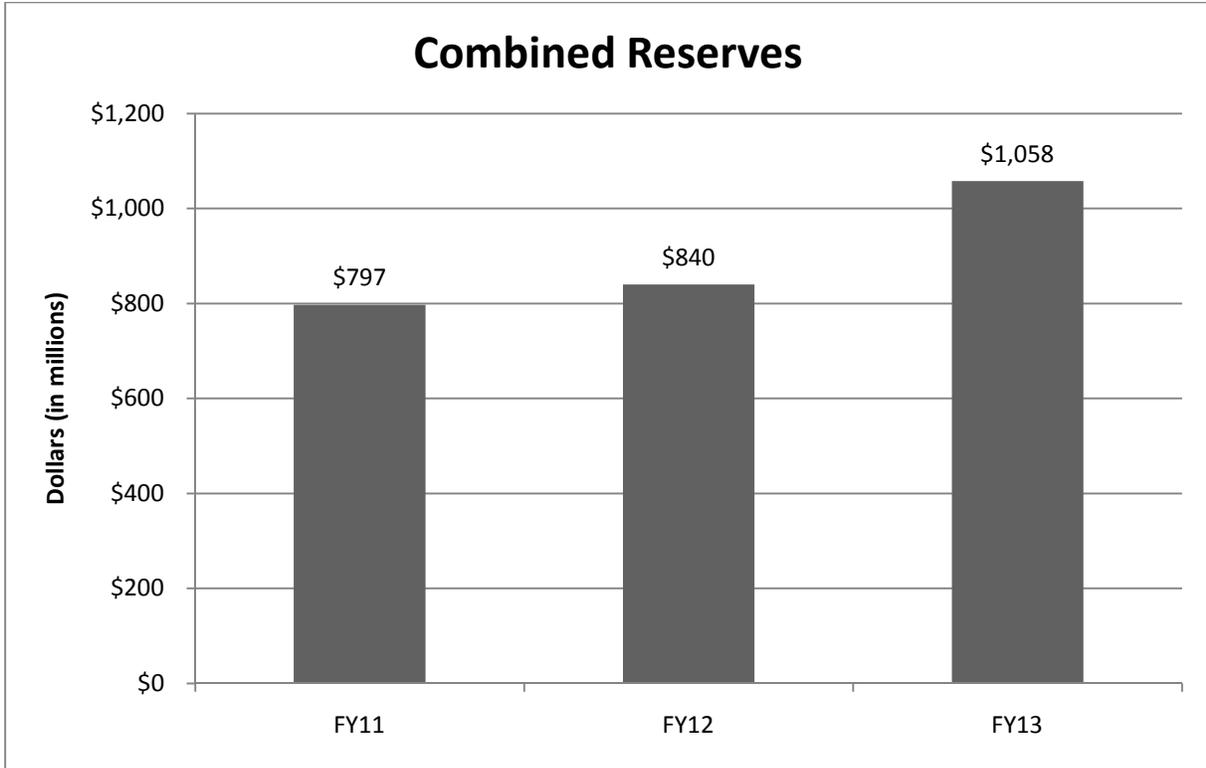
(Millions of Dollars)

	Estimated FY 2011	Estimated FY 2012	Estimated FY 2013
<b>Resources:</b>			
Working Balance at July 1	830.7	796.2	836.1
<b>Current Year Resources</b>			
Forecasted Revenue	13,070.1	13,741.4	14,249.4
Disproportionate Share Hospital (DSH)	58.0	58.0	58.0
Quality Assessment Fee (QAF)	39.6	36.6	46.2
Sales Tax / PMTF Change		44.0	45.9
Outside Acts - 2011		(17.7)	(21.4)
SEA 501 Actuarial Funding		27.1	26.8
<b>Total Current Year Resources</b>	<u>13,167.7</u>	<u>13,889.4</u>	<u>14,404.9</u>
<b>Total Resources</b>	13,998.4	14,685.6	15,241.0
<b>Uses - Appropriations, Expenditures, and Reversions:</b>			
<b>Appropriations</b>			
HEA 1001 FY12-13 As-Passed Appropriations	14,113.0	13,980.7	14,317.6
Enrolled Acts - 2010	5.6		
Adjustments to Appropriations	40.7	2.9	4.6
<b>Total Appropriations</b>	<u>14,159.3</u>	<u>13,983.6</u>	<u>14,322.2</u>
<b>Other Expenditures and Transfers</b>			
PTRC and Homestead Credit Adjustments	0.6		
Stadium/Convention Center Appropriation Reversion	(42.0)	(112.1)	(111.0)
Judgments and Settlements	8.0	8.0	8.0
<b>Total Appropriations and Expenditures</b>	14,125.9	13,879.5	14,219.2
<b>Reversions</b>	<u>(923.7)</u>	<u>(30.0)</u>	<u>(30.0)</u>
<b>Total Net Uses</b>	13,202.2	13,849.5	14,189.2
<b>General Fund Reserve Balance at June 30</b>	796.2	836.1	1,051.8
<b>Reserved Balances:</b>			
Medicaid Reserve	0.0	0.0	0.0
State Tuition Reserve	0.0	0.0	0.0
Rainy Day Fund	0.8	3.7	5.8
<b>Total Combined Balances</b>	<u><u>797.0</u></u>	<u><u>839.8</u></u>	<u><u>1,057.6</u></u>
<i>Net Combined Balance as a Percent of Operating Revenue</i>	6.1%	6.0%	7.3%
<i>Net Combined Balance as a Percent of the Following Year's Budgeted Appropriations</i>	5.7%	5.9%	

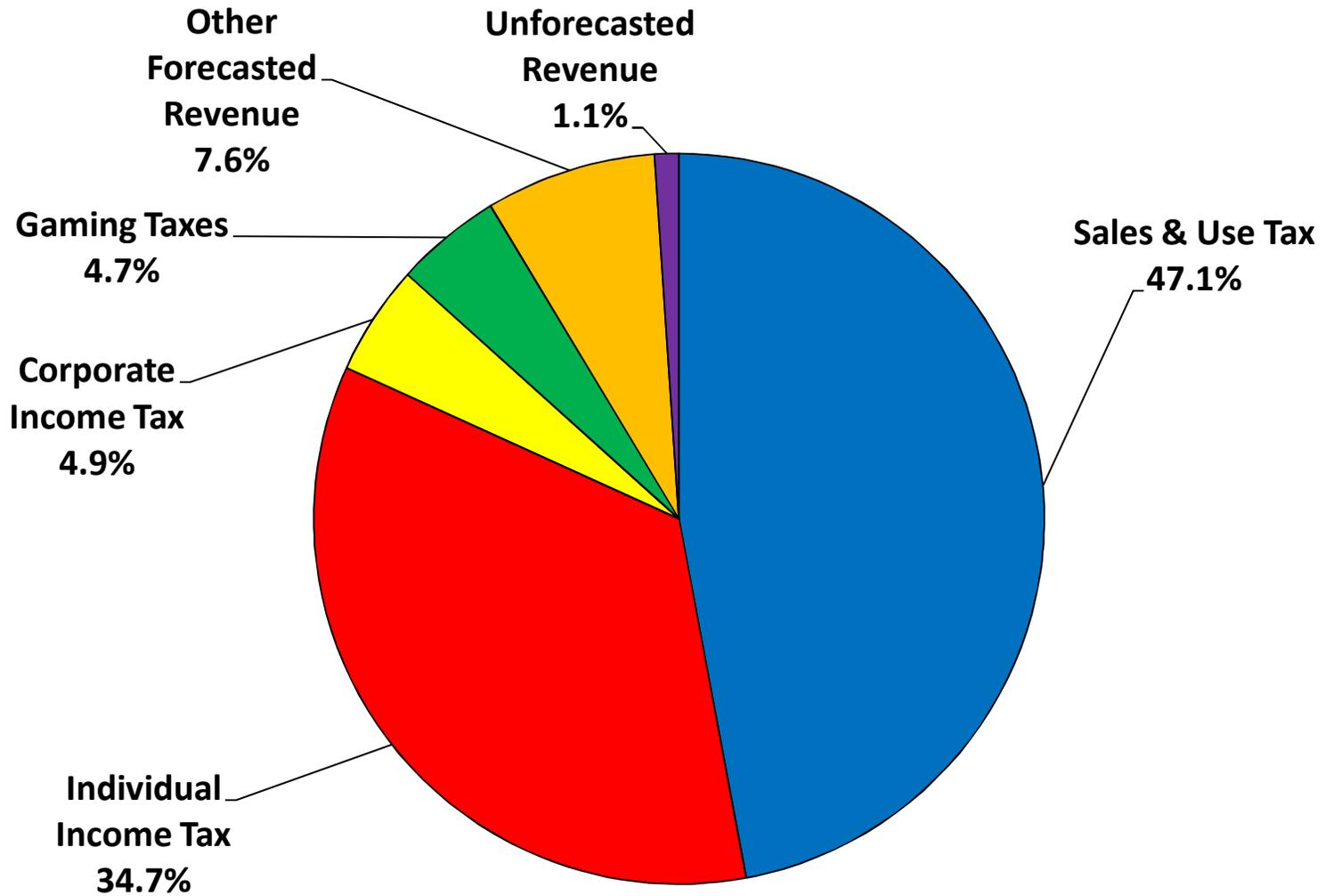
Totals may not add due to rounding

**Surplus Statement**  
(Millions of Dollars)

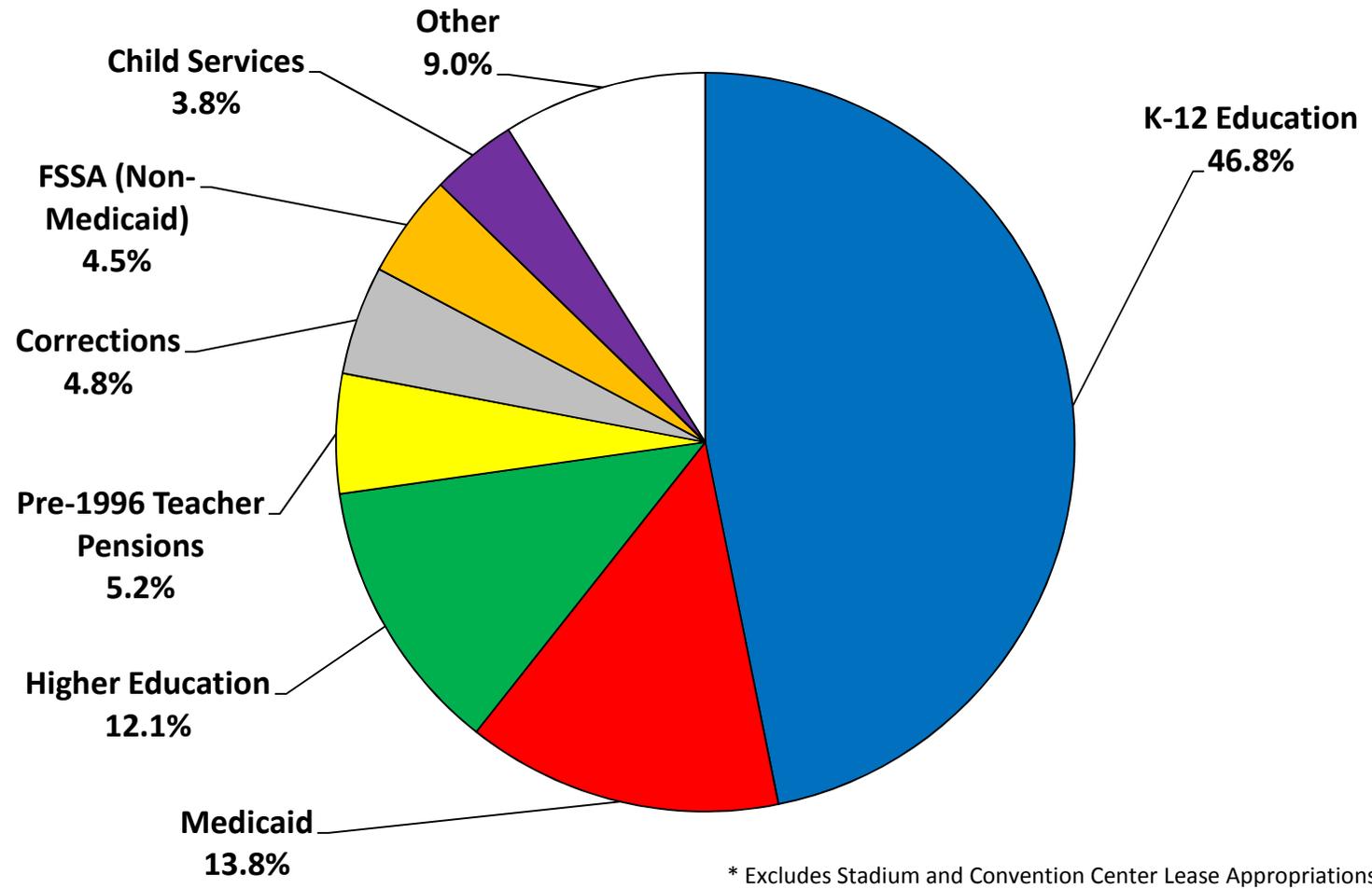
	Estimated FY 2012	Estimated FY 2013
<b>Beginning Balance</b>	<b>797.0</b>	<b>839.8</b>
<b>Current Year Revenues</b>		
Forecasted Revenue	13,741.4	14,249.4
Disproportionate Share Hospital (DSH)	58.0	58.0
Quality Assessment Fee (QAF)	36.6	46.2
Sales Tax / PMTF Change	44.0	45.9
Outside Acts - 2011	(17.7)	(21.4)
<b>Total Current Year Revenues</b>	<b>13,862.3</b>	<b>14,378.1</b>
<b>Current Year Expenses</b>		
HEA 1001 FY12-13 As-Passed Appropriations	13,980.7	14,317.6
Adjustments to Appropriations	2.9	4.6
Judgments and Settlements	8.0	8.0
Stadium/Convention Center Appropriation Reversion	(112.1)	(111.0)
Reversions	(30.0)	(30.0)
<b>Total Current Year Expenditures</b>	<b>13,849.5</b>	<b>14,189.2</b>
<b>Annual Surplus / (Deficit)</b> (Current Year Revenues - Current Year Expenses)	<b>12.8</b>	<b>188.9</b>
<b>Other Sources and (Uses) of Cash</b>		
Rainy Day Fund Loans/Repayments (net)	2.9	2.1
SEA 501 Actuarial Funding	27.1	26.8
<b>Total Combined Balances</b>	<b>839.8</b>	<b>1,057.6</b>



### FY 2012 - FY 2013 Biennial General Fund Revenues



### FY 2012 - FY 2013 Biennial General Fund Appropriations\*



\* Excludes Stadium and Convention Center Lease Appropriations

## General Fund

Functional Category	FY 2011-2012	FY 2012-2013
<b>General Government</b>	541,012,584	628,866,482
<b>Public Safety</b>		
Corrections	664,752,203	672,548,200
Other Public Safety	97,712,857	97,784,763
Subtotal: Public Safety	762,465,060	770,332,963
<b>Conservation and Environment</b>	73,239,701	73,239,701
<b>Economic Development</b>	51,196,413	61,196,413
<b>Transportation</b>	42,581,051	42,581,051
<b>Health and Human Services</b>		
FSSA Administration	16,764,735	16,764,735
Office of Medicaid Policy and Planning	1,857,803,064	2,023,803,064
Mental Health and Addictions	245,563,984	245,563,984
Family Resources	175,108,656	176,184,123
Aging Services	65,553,385	65,553,385
Disability and Rehabilitation Services	130,373,522	130,373,522
Department of Child Services	528,947,212	528,947,212
Public Health	30,332,681	30,332,681
Other Health and Human Services	38,643,979	38,643,979
Subtotal: Health and Human Services	3,089,091,218	3,256,166,685
<b>Education</b>		
Higher Education		
Student Assistance	275,097,709	280,920,073
Other Higher Education	1,420,974,419	1,420,804,179
Subtotal: Higher Education	1,696,072,128	1,701,724,252
Elementary and Secondary Education		
Education Administration	24,045,831	27,045,831
Tuition Support	6,262,800,000	6,308,700,000
Other Local Schools	263,844,156	259,844,156
Teachers Retirement	725,400,000	747,200,000
Subtotal: Elementary and Secondary Education	7,276,089,987	7,342,789,987
Other Education	9,188,753	9,188,753
Subtotal: Education	8,981,350,868	9,053,702,992
<b>Distributions</b>	169,600,000	169,600,000
<b>Total: Operating</b>	<b>13,710,536,895</b>	<b>14,055,686,287</b>
<b>Construction</b>	270,129,352	261,918,733
<b>GRAND TOTAL</b>	<b>13,980,666,247</b>	<b>14,317,605,020</b>

## Top 40 General Fund Appropriations

<u>Agency</u>	<u>Description</u>	<u>FY2012</u>	<u>FY2013</u>	<u>Biennial Total</u>	<u>Share of the General</u>	
					<u>Fund Budget</u>	<u>Cumulative Total</u>
1 DOE	Distribution for Tuition Support	6,262,800,000	6,308,700,000	12,571,500,000	44.8%	44.8%
2 FSSA	Medicaid - Current Obligations	1,716,500,000	1,882,500,000	3,599,000,000	12.8%	57.6%
3 TRF	Teachers' Retirement Fund Distribution	660,114,000	679,952,000	1,340,066,000	4.8%	62.4%
4 DCS	Family and Children Fund	282,977,440	282,977,440	565,954,880	2.0%	64.4%
5 PU	Purdue University - West Lafayette	258,993,586	259,117,078	518,110,664	1.8%	66.2%
6 Ivy Tech	Ivy Tech Community College	216,235,865	217,223,628	433,459,493	1.5%	67.8%
7 IUPUI	I.U.P.U.I.	211,347,086	215,109,490	426,456,576	1.5%	69.3%
8 IU	Indiana University - Bloomington	203,252,709	195,936,601	399,189,310	1.4%	70.7%
9 AOS	Gaming Tax	161,500,000	161,500,000	323,000,000	1.2%	71.9%
10 PERF	Public Safety Pension	131,000,000	180,000,000	311,000,000	1.1%	73.0%
11 SSACI	Higher Education Award Program	153,761,566	156,520,749	310,282,315	1.1%	74.1%
12 BSU	Ball State University	132,761,573	133,401,503	266,163,076	0.9%	75.0%
13 FSSA	Serious Mentally Ill	94,302,551	94,302,551	188,605,102	0.7%	75.7%
14 FSSA	BDDS - Residential Services	91,996,290	91,996,290	183,992,580	0.7%	76.4%
15 IU	Indiana University - Regional Campuses	89,819,501	90,030,680	179,850,181	0.6%	77.0%
16 FSSA	DFR - County Administration	89,154,386	90,229,853	179,384,239	0.6%	77.6%
17 DOE	Full-Day Kindergarten	81,900,000	81,900,000	163,800,000	0.6%	78.2%
18 DOC	Medical Services	77,263,235	81,581,396	158,844,631	0.6%	78.8%
19 ISU	Indiana State University	76,537,679	76,557,354	153,095,033	0.5%	79.3%
20 TRF	Postretirement Pension Increases	65,286,000	67,248,000	132,534,000	0.5%	79.8%
21 DCS	Case Management Services Appropriation	59,711,491	59,711,491	119,422,982	0.4%	80.2%
22 Supreme Court	Local Judges' Salaries	57,041,255	57,041,255	114,082,510	0.4%	80.6%
23 FSSA	Hospital Care for the Indigent Fund	57,000,000	57,000,000	114,000,000	0.4%	81.0%
24 SSACI	Freedom of Choice Grants	52,429,136	53,369,953	105,799,089	0.4%	81.4%
25 USI	University of Southern Indiana	51,108,260	52,243,609	103,351,869	0.4%	81.8%
26 SBA	Comprehensive Health Insurance Association State Share	48,850,000	48,850,000	97,700,000	0.3%	82.1%
27 FSSA	C.H.O.I.C.E. In-Home Services	48,765,643	48,765,643	97,531,286	0.3%	82.5%
28 DOE	Testing and Remediation	46,229,643	46,229,643	92,459,286	0.3%	82.8%
29 DOC	Westville Correctional Facility	46,050,154	46,050,154	92,100,308	0.3%	83.1%
30 DOR	Collection and Administration	45,845,804	45,845,804	91,691,608	0.3%	83.5%
31 SBA	Personal Services / Fringe Benefits Contingency Fund	30,000,000	59,000,000	89,000,000	0.3%	83.8%
32 ISP	State Police	43,999,585	43,999,585	87,999,170	0.3%	84.1%
33 IUPU-FW	IUPU - Fort Wayne	43,975,214	43,983,087	87,958,301	0.3%	84.4%
34 INDOT	Public Mass Transportation	42,581,051	42,581,051	85,162,102	0.3%	84.7%
35 VU	Vincennes University	41,479,017	42,171,869	83,650,886	0.3%	85.0%
36 PU	Purdue University - Regional Campuses	41,408,586	41,408,300	82,816,886	0.3%	85.3%
37 DOE	Textbook Reimbursement	39,000,000	39,000,000	78,000,000	0.3%	85.6%
38 DOC	Food Services	37,646,381	39,241,198	76,887,579	0.3%	85.9%
39 FSSA	Marion County Health and Hospital Corporation	38,000,000	38,000,000	76,000,000	0.3%	86.1%
40 DOC	Wabash Valley Correctional Facility	37,297,576	37,297,576	74,595,152	0.3%	86.4%
<b>SUB-TOTAL*</b>		<b>11,965,922,263</b>	<b>12,288,574,831</b>	<b>24,254,497,094</b>		
<b>TOTAL GENERAL FUND APPROPRIATIONS*</b>		<b>13,868,595,184</b>	<b>14,206,589,817</b>	<b>28,075,185,001</b>		

\* Excludes the appropriations for the Stadium and Convention Center Lease Rental payments.

## Comparison of Agency Biennial Appropriations

	<u>FY10-11 Biennial</u> <u>General Fund</u> <u>Appropriation</u>	<u>FY12-13 Biennial</u> <u>General Fund</u> <u>Appropriation</u>	<u>Percent Change</u>
<b><i>Increase vs. the FY10-11 biennium:</i></b>			
Education Employment Relations Board	1,280,816	3,088,694	141.2%
Election Division	2,820,504	3,795,504	34.6%
Indiana Comprehensive Health Insurance Association	77,000,000	97,700,000	26.9%
Ivy Tech Community College	400,297,774	435,630,315	8.8%
Commission for Higher Education	4,242,056	4,605,748	8.6%
Medicaid - Current Obligations <sup>1</sup>	3,383,200,000	3,599,000,000	6.4%
State Student Assistance Commission	530,863,077	556,017,782	4.7%
University of Southern Indiana	102,363,431	104,292,697	1.9%
Legislative Branch	92,345,013	93,036,708	0.7%
Judicial Branch <sup>2</sup>	103,993,056	104,337,056	0.3%
<b><i>Flat to a 5% reduction vs. the FY10-11 biennium:</i></b>			
Commission on Uniform State Laws	87,168	87,168	0.0%
Homeland Security <sup>3</sup>	243,292	243,292	0.0%
DCS Ombudsman Bureau	290,800	290,000	-0.3%
Vincennes University	85,169,359	83,650,886	-1.8%
St. Joseph River Basin Commission	117,502	115,018	-2.1%
Ball State University	287,020,581	279,710,748	-2.5%
Department of Correction	1,372,229,075	1,337,034,415	-2.6%
Criminal Justice Institute	10,161,566	9,861,640	-3.0%
Purdue University	765,128,002	742,493,285	-3.0%
Department of Education <sup>4</sup>	13,606,002,662	13,145,291,974	-3.4%
Indiana State Police <sup>3</sup>	98,797,094	95,309,654	-3.5%
FSSA (Non-Medicaid)	1,607,406,555	1,550,410,159	-3.5%
<b><i>5% to 10% reduction vs. the FY10-11 biennium:</i></b>			
Commission on Public Records	2,933,332	2,779,008	-5.3%
Indiana State University	162,145,502	153,503,033	-5.3%
Department of Revenue	106,663,872	100,691,608	-5.6%
Indiana University <sup>5</sup>	1,084,364,387	1,023,541,527	-5.6%
Workers' Compensation Board	3,837,564	3,603,076	-6.1%
Department of Correction Ombudsman Bureau	283,764	265,988	-6.3%
Department of Administration	52,563,360	49,221,360	-6.4%
Department of Workforce Development <sup>4</sup>	1,388,890	1,288,856	-7.2%
Indiana School for the Blind	23,108,085	21,259,444	-8.0%
Construction Totals <sup>6</sup>	337,283,400	308,961,819	-8.4%
State Employees' Appeals Commission	359,478	328,566	-8.6%
Professional Licensing Agency	11,073,284	9,965,956	-10.0%
Treasurer of State	1,740,212	1,566,190	-10.0%
Attorney General	31,917,516	28,719,268	-10.0%

<sup>1</sup> Adjusted to reflect American Recovery and Reinvestment Act (ARRA) appropriations

<sup>2</sup> Excludes Judges and Prosecutors Salaries

<sup>3</sup> Excludes Fusion Center (shifted from IDHS to ISP for FY12-13 biennium)

<sup>4</sup> Excludes Adult Education and Perkins State Match (shifted between DOE and DWD for FY12-13 biennium)

<sup>5</sup> Excludes Department of Toxicology (shifted from IU to State of Indiana for FY12-13 biennium)

<sup>6</sup> Excludes appropriations for Stadium / Convention Center Lease

## Comparison of Agency Biennial Appropriations

	<u>FY10-11 Biennial</u> <u>General Fund</u> <u>Appropriation</u>	<u>FY12-13 Biennial</u> <u>General Fund</u> <u>Appropriation</u>	<u>Percent Change</u>
<b>10% to 15% reduction vs. the FY10-11 biennium:</b>			
Office of Environmental Adjudication	736,500	657,916	-10.7%
Adjutant General	28,703,240	25,491,146	-11.2%
Department of Agriculture	6,373,342	5,657,340	-11.2%
Public Access Counselor	313,458	277,178	-11.6%
Indiana Board of Tax Review	2,545,058	2,237,174	-12.1%
Department of Veterans' Affairs	1,458,104	1,272,388	-12.7%
Indiana School for the Deaf	37,558,119	32,679,614	-13.0%
Office of Federal Grants and Procurement	190,078	165,156	-13.1%
Board of Animal Health	13,551,368	11,680,918	-13.8%
Civil Rights Commission	4,413,860	3,757,772	-14.9%
Auditor of State	11,951,700	10,174,450	-14.9%
Indiana State Library	10,158,036	8,644,450	-14.9%
State Board of Accounts	43,520,400	37,032,326	-14.9%
State Energy Program	475,926	404,538	-15.0%
Commission on Proprietary Education	643,646	547,100	-15.0%
Food Assistance Program	262,522	223,144	-15.0%
Historical Bureau	768,512	653,236	-15.0%
Lt. Governor	4,563,038	3,878,584	-15.0%
Office of Management & Budget	2,306,644	1,960,648	-15.0%
Medical Education Board	4,494,112	3,819,996	-15.0%
Indiana Veterans' Home	25,631,188	21,786,512	-15.0%
Indiana Arts Commission	6,404,736	5,444,026	-15.0%
State Personnel Department	7,451,772	6,334,006	-15.0%
World War Memorial Commission	2,075,636	1,764,290	-15.0%
Office of Faith Based & Community Initiatives	581,104	493,938	-15.0%
State Budget Agency <sup>7</sup>	6,736,280	5,725,830	-15.0%
Law Enforcement Training Academy	4,381,866	3,724,578	-15.0%
Maumee River Basin Commission	135,316	115,018	-15.0%
Kankakee River Basin Commission	135,316	115,018	-15.0%
Department of Gaming Research	449,412	381,998	-15.0%
<b>15% to 20% reduction vs. the FY10-11 biennium:</b>			
Inspector General	2,901,672	2,464,874	-15.1%
Department of Environmental Management	57,343,338	48,677,202	-15.1%
Indiana Economic Development Corporation	86,914,710	73,477,586	-15.5%
Department of Child Services	1,252,074,196	1,057,894,424	-15.5%
Department of Natural Resources	111,766,990	93,406,050	-16.4%
State Department of Health	72,767,530	60,665,362	-16.6%
Department of Local Government Finance	9,340,834	7,722,690	-17.3%
Governor	5,554,974	4,552,502	-18.0%
White River State Park Development Commission	1,997,998	1,628,890	-18.5%
<b>Greater than a 20% reduction vs. the FY10-11 biennium:</b>			
Secretary of State	4,696,316	3,618,498	-23.0%
Department of Labor	10,438,454	5,885,154	-43.6%
Office of Tourism	8,813,368	4,941,362	-43.9%
Indiana State Fair Commission	3,738,248	1,200,000	-67.9%
Indiana Finance Authority	1,000,000	0	-100.0%
Housing and Community Development Authority	2,000,000	0	-100.0%
Shoreline Development Commission	2,000,000	0	-100.0%

<sup>7</sup> Operating budget only

Other notes: Figures exclude line item appropriations for pensions and distributions. Most executive branch agencies were reduced by 8-10% from the FY08-09 budget to the FY10-11 budget. The reductions above are in addition to those reductions.

### Comparison of FY12-13 to FY10-11 Biennial General Fund Appropriations

